

**THE CITY OF NORMAN/NORMAN MUNICIPAL AUTHORITY  
NORMAN FORWARD CITIZEN FINANCIAL OVERSIGHT BOARD  
ANNUAL REPORT  
FOR THE PERIOD July 1, 2017 – SEPTEMBER 30, 2018**

The NORMAN FORWARD Citizen Financial Oversight Board (CFOB) was established by the City Council (Resolution R-1516-75) on December 22, 2015 to “review actual and projected Norman Forward Sales Tax (NFST) revenues; recommend a mix of project financing versus pay as you go ("paygo"); review the pace and sequencing of construction projects; review all Council actions related to expenditures of NFST moneys; recommend strategies for long-term operations and maintenance of facilities; report to Council from time to time as warranted and to provide an annual report to Council; perform such other duties related to Norman Forward as the Council directs by motion or resolution; create policies and procedures as guidelines for the functioning of the NFST CFOB in areas including but not limited to attendance, receiving public testimony, structure or format of meetings, frequency of public hearings; and be willing to assign on NFST CFOB member to serve with and act as a liaison to certain Advisory Committees that Council may form from time to time regarding specific Norman Forward Projects related to Libraries, Senior Center, Westwood Pool replacement, Indoor Aquatics, Football/Softball Sport Complex, Griffin Park Soccer improvements, Ruby Grant Park improvements, Reaves Park baseball improvements, Andrews Park improvements, Westwood Tennis facilities, Trail development, and Neighborhood Park improvements.”

There are nine Board members, with terms expiring as follows:

McKenzie Britt, December 22, 2018  
Andy Rieger, December 22, 2018  
Linda Price, December 22, 2018  
Andy Paden, December 22, 2019  
Bree Montoya, December 22, 2019  
Cindy Rogers, December 22, 2019  
Anil Gollahalli, December 22, 2020  
Bill Nations, December 22, 2020  
Tom Sherman, December 22, 2020

The Board will continue in existence until the NFST term has expired, all NFST revenues have been expended or allocated, or a final report is made to Council, whichever occurs latest.

The voters of Norman, on October 13, 2015, approved the City of Norman’s Ordinance O-1516-5, which authorized a 15-year, ½ percent sales tax, primarily to pay for quality of life improvements including the following:

- New Central Branch Libraries - \$39,000,000
- New East Branch Library - \$5,100,000
- James Garner Avenue Extension - \$6,000,000
- New Indoor Aquatic Facility - \$14,000,000
- Westwood (Outdoor) Pool Reconstruction - \$12,000,000
- Westwood Tennis Center Renovation - \$1,000,000
- Reaves Park Baseball Complex Renovation - \$10,000,000
- Griffin Park Land Purchase - \$10,000,000
- Griffin Park Soccer Complex Reconstruction - \$11,000,000
- New Football and Softball Complex - \$2,500,000
- New Indoor Multi-Sport Facility - \$8,500,000
- New Neighborhood Park Development - \$2,000,000
- Existing Neighborhood Park Improvements - \$6,500,000
- New Trail Development (Legacy Trail) - \$6,000,000
- Ruby Grant Park Development (Phase I) - \$6,000,000
- Saxon Park Development (Phase II) - \$2,000,000
- Andrews Park Redevelopment - \$1,500,000
- Canadian River Trails Park Development - \$2,000,000
- Road and Infrastructure Improvements - \$2,700,000
- Senior Citizen's Center – TBD
- Public Art Installations – TBD

Other authorized NORMAN FORWARD expenditures could include operating subsidies to the Indoor Aquatic Facility, Westwood Aquatic Center capital replacement, and/or maintenance and support personnel.

The Citizen Financial Oversight Board began meeting in January, 2016 and has been reviewing documents, reports and Council actions since then. Significant items discussed and reviewed over the current reporting period include the following:

### **NORMAN FORWARD Program Management Consultant**

Early in the decision-making discussions for the implementation of the NORMAN FORWARD program, it was determined by the City Council that there would be a need to retain an outside architectural/engineering consultant to act as a “Program Manager”, with the stated goal of helping to deliver the promised projects on time and within their financial budgets. ADG Professional Corporation was selected to fill this role.

One of the major roles of the Program Manager is to provide information and professional insights to the Board based on their knowledge and experience related to the performance of the City's external contractors and professionals hired to complete the projects. Since that time, the Board has received information and built relations with staff of ADG which will be valuable as the program progresses.

## **NORMAN FORWARD Implementation Plan**

The Norman Forward Project Implementation Plan (IP) was prepared by City staff and the Program Management Consultant, ADG. ADG provided the Board with updates to the project timing schedules included in the IP throughout the current reporting period. Recent factors observed with impacts on the project timelines include the volume of construction currently ongoing in the OKC metro area and changing market factors such as the recent steel tariffs. No changes were made to the projects in the implementation plan in the current reporting period. The Implementation Plan was discussed as a “living” document which would change over time. The Board requested that updates to the IP be presented to them on at least a semi-annual basis, with further updates as necessary based on major project milestones being achieved.

## **NORMAN FORWARD Revenue and Expenditure Reports**

At each of its meetings, the Board is presented with financial reports on projected and actual sales tax collections and Norman Forward Sales/Use Tax expenditures, by project. The format of these reports was discussed and refined over many meetings, but the attached format has been approved by the Board as workable going forward. The Board understands that the financial information will become more and more meaningful as NFST collections are received and actual collection patterns are built up, and as projects progress and their related expenditures can be measured versus preliminary project budgets.

## **NORMAN FORWARD Sales Tax Collection Concerns**

Beginning in March, 2017, the Board began discussing concerns with sales tax collections being below projections. Although use tax collection has been quite a bit above projections recently, actual sales and use tax collections combined have been approximately 3.41% below the original projections. The Board discussed the potential need to reduce project budgets because of these below-budget trends. The Board decided not to recommend any such reductions, however, as the Ad Hoc Committees have done good work to keep project cost projections within their budgets at the design phases. In many cases, the Board understands that desired project components were deleted at the design phase to keep the projects within their budgets. The Board discussed whether desired project components should be automatically added back if projects came in under budget. The Board agreed to recommend to Council that all savings on the NORMAN FORWARD projects should be retained to make up for shortfalls in projects and revenue and not used for project add-ons at the May 14, 2018 meeting.

## **NORMAN FORWARD Pro Forma Financial Projections**

The Board requested City staff, in conjunction with the City’s Financial Advisory team, to prepare Pro Forma Financial Projections for the entire 15-year NORMAN FORWARD program. Based on the project budgets and other expense assumptions, sales and use tax revenue projections, and debt issuance and interest rate projections, the Pro Forma projections were prepared to answer basic questions of, given these logical assumptions,

will NORMAN FORWARD be financially able to deliver the projects that were promised to the voters? Will there be “excess” money during the NFST collection period or left over at the end for other projects or needs?

The Pro Forma financials in the prior fiscal year demonstrated that the NFST could pay for all of the promised projects. During the mid-years of the collection period (fiscal years 2020-2021 through 2022-2023), the cash flows would become very tight, after the major debt financed projects are completed. During these years, the analysis suggests that pay-as-you-go projects will have to be managed very closely in annual budget preparations and the timing of some paygo projects may have to be delayed in order to maintain positive annual cash flows. The original analysis projected that there would be approximately \$5 million left over at the end of the NFST collection period (June, 2031), but that plans should not be made for spending those funds until they were realized in that future time. At this point, two of the three planned debt issuances had actually been completed (and actual debt service payment schedules for them were built into the Pro Forma). The third tranche of debt issuance was also assumed to be delayed a year from the original projections, to more accurately reflect project schedules.

Staff presented an updated Pro Forma financial at the May, 2018 meeting that included the actual figures from fiscal year 2017. This report indicated some cash flow problems in the mid years of the NORMAN FORWARD projects potentially requiring some changes in fiscal year 2031.

### **NORMAN FORWARD Ad Hoc Project Committee Liaisons**

A part of the original direction from the City Council to the Citizen Financial Oversight Board was for the CFOB to appoint a member to act as a Liaison to each of the Ad Hoc Project Committees that would be appointed to consider the design and construction specifications for each of the major NORMAN FORWARD projects. The Board has appointed the following members to these Liaison roles, to date:

Westwood Pool and Tennis Center Complex – Bree Montoya

Senior Citizen’s Center – Tom Sherman

Libraries – Andy Paden

Griffin Park Soccer Complex - Anil Gollahalli (Cindy Rogers, Vice-Liaison)

Reaves Park Baseball/Softball Complex – Andy Rieger

### **CFOB Review of City Council Actions**

At each of its meetings, the Citizen Financial Oversight Board receives and reviews any City Council or Norman Municipal Authority actions that have been taken since the CFOB last met that impact the NORMAN FORWARD Sales Tax program. The Board had extensive discussion of this review role, which is directed by the Board’s enabling legislation. Board members discussed concerns that the oversight role may be diminished when the Board is not given the opportunity to review plans, expenditures and contract agreements before the City Council approves such actions. Based on these discussions, the Board has an understanding of its review authority and its ability to

timely report back to the Council and/or the public on any Council/NMA actions which the Board believes would not be in the best interest of the NORMAN FORWARD program, or which the Board may believe to be in conflict with the tenets of the NORMAN FORWARD Ordinance.

### **NORMAN FORWARD Project Updates**

At each of its meetings, the Board receives updates on the progress of authorized NORMAN FORWARD projects from the Project Management staff, the Program Manager and/or from the related Ad Hoc Group Liaison. The Board has also been given presentations from project architects on the preliminary design and master site plans for major NFST projects. The Board's discussion of this information forms the basis for Board recommendations on its review of Council actions taken related to the NORMAN FORWARD program.

The Westwood Family Aquatic Center celebrated its grand opening on May 26, 2018 and the Norman Public Library East opened on July 20, 2018. Most of the remaining projects are progressing on time and within their budgets. The Board is aware that keeping the projects within budget has come with some necessary reductions to or changes in the project's scope and will continue to work to ensure that continues.

Other NORMAN FORWARD projects in progress during the current reporting period include the Central Branch Library, the Indoor Aquatic Center, the Indoor Multi-Sport Facility, the James Garner Avenue Extension, the Westwood Tennis Facility, Reaves Park upgrades, Ruby Grant Park upgrades, The Griffin Soccer Complex, and new and existing neighborhood park projects.

The Senior Center project has been suspended pending funding.

### **Public Art Components of the NORMAN FORWARD Program**

The NORMAN FORWARD Ordinance directs that up to one percent (1%) of the construction cost of the "major" projects be allocated for public art components of the projects. The projects that have been preliminarily identified as sites for public art installations include the East and Central Branch Libraries; Westwood Aquatic and Tennis Centers; the Indoor Multi-Sport Facility; the Indoor Aquatic Center; Ruby Grant, Andrews and Saxon Community Parks; the Reaves Baseball/Softball Complex; and the Griffin Soccer Complex. The first selected NFST public art project, "Splash", was installed at the entrance of the Westwood Tennis/Golf/Aquatic Complex. "Prairie Wind" was installed at the East Branch Library. A contract is in place for a \$230,000 art piece for the Central Library, the most expensive art piece in the City of Norman's history.

### **Land Acquisition**

A major component of the NORMAN FORWARD program is the acquisition of land for the recreational facilities that are the core of the program. The Board was presented with ongoing information from the City's legal staff on negotiations for the lease or purchase

of land for the Adult Football/Softball Facility; Sutton Urban Wilderness; Griffin Soccer Complex; the Indoor Multi-Sport Facility; and the Indoor Aquatic Facility.

During the current reporting period, the Council approved a Memorandum of Understanding between the Norman Municipal Authority and the Oklahoma Department of Mental Health and Substance Abuse Services to lease land for the Griffin Soccer Complex with the option to purchase the land at the end of the 15-year lease. The Council also approved a contract with OU for the lease of land south of Lexington Avenue for the Multi-Sport and Aquatic Facilities.

### **Facility Operations**

The Board has had ongoing discussions of the operational costs of the facilities that are being constructed with NFST proceeds. NORMAN FORWARD has limited allocations for operational costs, and the Board is concerned with the long-term operational costs of the new facilities. While these concerns will not be realized until the facilities have been completed, the Board recognizes the need to balance operational revenue generation with the goal of maximizing the facility access for residents.

The Board has been presented with general information from City staff regarding negotiations for operational agreements with third-party entities such as the Cleveland County YMCA, the Norman Youth Soccer Association, the Pioneer Library System and the Norman Optimist Club. The Board will continue to monitor these negotiations and requests that Council involve the Board in guiding the details of these agreements.

### **Summary**

Summarized information on collections and expenditures from the Norman Forward Sales Tax, along with the most recently-updated Pro Forma Financial Projections prepared for the CFOB is attached.

The NORMAN FORWARD Citizen Financial Oversight Board is extremely excited about the progress of the NFST program to date, and the completion of two of its biggest projects. The Board believes that the projects are progressing well, for the most part on time, and within their budgets. The Council/Norman Municipal Authority actions taken to implement the NFST Ordinance have been in compliance with the direction approved by the voters of Norman. A great deal of credit is due to the City Council, the various Ad Hoc project committees, City staff, and the program management firm for this progress. The Board looks forward to its continuing role in this success.